TORINO POWER SOLUTIONS INC.

(Formerly Torino Ventures Inc.)

Consolidated Financial Statements - Unaudited

September 30, 2016

(Expressed in Canadian dollars)

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the nine months ended September 30, 2016.

TORINO POWER SOLUTIONS INC.
(Formerly Torino Ventures Inc.)
Consolidated Statements of financial position
(Expressed in Canadian dollars)

	September 30, 2016 $	December 31, 2015 $
Assets		
Current assets		
Cash and cash equivalents	153,441	592,287
Amounts receivable (Note 3)	25,082	13,154
Prepaid expenses	268	268
Total current assets	178,791	605,709
Non-current assets		
Investment (Note 7)	96,000	–
Exploration Property (Note 7)	–	22,800
Property and equipment (Note 5)	20,792	6,428
Intangible assets (Note 6)	1,766,042	1,827,292
Total assets	2,061,625	2,462,229
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	13,864	58,712
Due to related parties (Note 9)	60,000	120,000
Total liabilities	73,864	178,712
Shareholders' equity		
Share capital (Note 10)	4,832,743	4,483,243
Contributed surplus	415,260	248,085
Deficit	(3,260,242)	(2,447,812)
Total shareholders' equity	1,987,761	2,283,516
Total liabilities and shareholders' equity	2,061,625	2,462,229

Nature of Operations and Continuance of Business (Note 1)
Contingencies and Commitments (Note 15)
Subsequent Events (Note 17)

Approved and authorized for issuance by the Board of Directors on November 10, 2016:

/s/ "Ravinder Mlait" | */s/ "Bryan Loree"*

Ravinder Mlait, Director | Bryan Loree, Director

(The accompanying notes are an integral part of these consolidated financial statements)

TORINO POWER SOLUTIONS INC.
(Formerly Torino Ventures Inc.)
Consolidated Statements of operations and comprehensive loss
(Expressed in Canadian dollars)

	Three months ended September 30, 2016 $	Three months ended September 30, 2015 $	Nine months ended September 30, 2016 $	Nine months ended September 30, 2015 $
Revenue	–	–	–	–
Operating expenses				
Professional fees	(2,311)	39,411	31,986	39,934
Advertising and promotion	3,061	–	7,311	–
Consulting fees (Note 9)	89,005	78,095	281,175	116,305
Investor communications	2,000	–	4,217	–
Development expense	41,339	–	112,429	3,758
Duty and brokerage	–	–	162	616
Insurance	–	2,156	5,017	3,642
Office and general	7,402	9,351	16,029	19,813
Rent	9,693	12,185	29,114	33,669
Transfer agent fees	1,382	–	11,108	–
Exchange & filing fees	1,578	–	21,934	–
Amortization expense	–	63,214	61,250	189,642
Share-based compensation	–	–	167,175	–
Wages and benefits	44,313	49,883	136,723	132,185
Total operating expenses	197,462	254,295	885,630	539,564
Net loss before other income	(197,462)	(254,295)	(885,630)	(539,564)
Other income and expenses				
Industrial Research Assistance Program Credit	–	38,446	–	38,446
Gain on sale of exploration property asset	73,200	–	73,200	–
Net loss and comprehensive loss for the period	(124,262)	(215,849)	(812,430)	(501,118)
Loss per share, basic and diluted	–	(0.02)	(0.03)	(0.05)
Weighted average shares outstanding	30,213,803	10,943,288	28,624,083	10,528,089

(The accompanying notes are an integral part of these consolidated financial statements)

TORINO POWER SOLUTIONS INC.
(Formerly Torino Ventures Inc.)
Consolidated Statements of changes in equity
(Expressed in Canadian dollars)

	Share capital		Contributed		Total shareholders'
	Number of shares	Amount $	surplus $	Deficit $	equity $
Balance, December 31, 2014	10,317,049	3,236,002	225,000	(1,324,792)	2,136,210
Shares issued pursuant to finders' fee	1,515,878	151,588	–	–	151,588
Shares issued for intellectual property	550,000	55,000	–	–	55,000
Shares returned to treasury	(1,000,000)	(25,000)	–	–	(25,000)
Shares issued pursuant to shares for debt	680,000	68,000	–	–	68,000
Net and comprehensive loss	–	–	–	(501,118)	(501,118)
Balance, September 30, 2015	12,062,927	3,485,590	225,000	(1,825,910)	1,884,680
Shares issued pursuant to finders' fee	500,000	50,000	–	–	50,000
Shares issued pursuant to convertible debt (Note 8)	5,482,583	386,650	–	–	386,650
Shares issued pursuant to RTO & private placement	9,774,978	665,300	–	–	665,300
Share issuance cost	–	(81,212)	–	–	(81,212)
Share issuance cost – broker warrants	–	(23,085)	23,085	–	–
Net and comprehensive loss	–	–	–	(621,902)	(621,902)
Balance, December 31, 2015	27,820,488	4,483,243	248,085	(2,447,812)	2,283,516
Shares issued pursuant to shares for debt settlement	3,495,000	349,500	–	–	349,500
Fair value of stock options	–	–	167,175	–	167,175
Net and comprehensive loss	–	–	–	(812,430)	(812,430)
Balance, September 30, 2016	31,315,488	4,832,743	415,260	(3,260,242)	1,987,761

(The accompanying notes are an integral part of these consolidated financial statements)

TORINO POWER SOLUTIONS INC.
(Formerly Torino Ventures Inc.)
Consolidated Statements of cash flows
(Expressed in Canadian dollars)

	Three months ended September 30, 2016 $	Three months ended September 30, 2015 $	Nine months ended September 30, 2016 $	Nine months ended September 30, 2015 $
Operating activities				
Net loss for the period	(124,262)	(215,849)	(812,430)	(501,118)
Items not involving cash:				
Share-based compensation	–	–	167,175	–
Amortization	–	63,214	61,250	189,642
Consulting fees	349,500	48,000	349,500	48,000
Bank and interest charges	–	5,000	–	5,000
Changes in non-cash operating working capital:				
Amounts receivable	(4,721)	(3,753)	(15,449)	5,039
Prepaid expenses	–	2,156	–	2,156
Accounts payable and accrued liabilities	(41,928)	28,428	(41,327)	24,756
Due to related parties	(240,000)	–	(60,000)	–
Industrial research assistance program credit receivable	–	–	–	51,198
Net cash used in operating activities	(61,411)	(72,804)	(351,281)	(175,327)
Investing activities				
Sale of exploration property	22,800	–	22,800	–
Investment received from sale	(96,000)	–	(96,000)	–
Purchase of development equipment	(14,365)	–	(14,365)	–
Net cash used in investing activities	(87,565)	–	(87,565)	–
Financing activities				
Proceeds from issuance of convertible notes	–	351,115	–	351,115
Shares issued for cash	–	18,750	–	18,750
Shares returned to treasury	–	(43,750)	–	(43,750)
Related party advance	–	20,000	–	20,000
Net cash provided by financing activities	–	346,115	–	346,115
Increase (decrease) in cash	(148,976)	273,311	(438,846)	170,788
Cash, beginning of the period	302,417	1,403	592,287	103,926
Cash, end of the period	153,441	274,714	153,441	274,714
Non-cash investing and financing activities				
Shares issued pursuant to IP purchase	–	55,000	–	55,000
Shares issued as finder's fees	–	151,588	–	151,588
Shares issued pursuant to debt	–	68,000	–	68,000

(The accompanying notes are an integral part of these consolidated financial statements)

1. Nature of Operations and Continuance of Business

Torino Power Solutions Inc. (formerly Torino Ventures Inc). (the "Company") was incorporated under the Company Act of British Columbia on September 10, 2014. The Company is a technology company involved in developing commercial applications for optimizing the current carrying capacity of grid infrastructure and transmission lines. The Company has not yet generated revenues from operations, accordingly, the Company is considered to be an enterprise in the development stage.

The Company changed its name from Torino Ventures Inc. to Torino Power solutions Inc. on November 13, 2015 in conjunction with a reverse takeover transaction (the 'RTO') (Note 4).

The address of the Company's corporate office and principal place of business is Suite 705 – 625 West Kent Avenue North, Vancouver, B.C., V6P 6T7, Canada.

These consolidated financial statements ("financial statements") have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, and prior operating results. As at September 30, 2016, the Company has no source of revenue, generates negative cash flows from operating activities, and has an accumulated deficit of $3,260,242. These factors raise substantial doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

Reverse Takeover

On November 6, 2015, the Company and Smart Autonomous Solutions Inc. ("SAS") completed a Share Exchange Agreement whereby the Company acquired all of the issued and outstanding shares of SAS, being 12,062,927 common shares, in consideration for securities of the Company on a 1 for 1 basis. After completion of the Share Exchange Agreement, the shareholders of SAS held approximately 68% of the Company. Accordingly, SAS is considered to have acquired the Company with the Share Exchange Agreement being accounted as a reverse takeover of the Company by SAS shareholders (the "RTO").

As SAS is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on May 13, 2011 are included in the consolidated financial statements at their historical carrying value. These consolidated financial statements are a continuation of SAS in accordance with IFRS 3, Business Combinations. The Company's results of operations are included from November 6, 2015 onwards, the closing date.

Concurrent to the RTO, the Company completed a $417,500 private placement (the "Financing") (Note 9).

2. Significant Accounting Policies

(a) Basis of Preparation

These interim financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ('IAS") 34 Interim Financial Reporting.

2. Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

(b) Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the recoverability of intellectual property, recoverability of exploration property, measurement of share-based payments, and deferred income tax asset valuation allowances.

Management is required to assess impairment in respect of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Management estimates the fair values of share based payment arrangements using the Black - Scholes option pricing model. Details of these can be found in Note 11.

Management reviews objective evidence each reporting period to assess whether there are indications of impairment of the intangible assets and make judgements about their period of use. These determinations and their individual assumptions require that management make a decision based on the best and most reliable information available at each reporting period.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

2. Significant Accounting Policies (continued)

(d) Government Assistance and Investment Tax Credits

Government assistance and investment tax credits are recorded as either a reduction of the cost of the applicable assets, or credited against the related expense incurred in the Statement of Comprehensive Loss, or grants related to income are presented as part of profit or loss, either separately or under a general heading such as ‘Other Income’, as determined by the terms and conditions of the agreements under which the assistance is provided to the Corporation or the nature of the expenditures which gave rise to the credits. Government assistance and investment tax credit receivables are recorded when their receipt is reasonably assured

(e) Research and Development Costs

Research expenses are charged to the Statement of Operations and Comprehensive Loss in the period they are incurred. Development expenses are charged to the Statement of Operations and Comprehensive Loss, except those that meet the following criteria and are capitalized: the feasibility of the product has been established, management intends to manufacture the product and has the capacity to use or sell it, the future economic benefits are likely to occur, the market for the product is defined, and the Company has the resources to complete the project and can reliably measure development costs. Research and development expenses charged to the Statement of Operations and Comprehensive Loss include expenses which will be included in the calculation of scientific research and development credit claimed for the years ended December 31, 2015 and 2014. These expenses have not been segregated yet. No research and development expenses have been recorded as intangible assets as at September 30, 2016 and 2015.

(f) Impairment of Non-Current Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit (“CGU”) to which the asset belongs. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset’s value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount through an impairment charge to the statement of income.

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation, depletion and amortization) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in the statement of operations.

2. Significant Accounting Policies (continued)

(g) Intangible Assets

Intangible assets acquired separately are recorded at cost, net of accumulated amortization, accumulated impairment losses and reversals, if applicable. Intangible assets acquired through a business combination are recognized at fair value at the date of the acquisition. Intangible assets are amortized on a straight-line basis over their useful lives according to the following annual terms:

	Period
Intellectual Property	10 years

(h) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially at fair value on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash and cash equivalents are classified as fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

2. Significant accounting policies (continued)

(h) Financial Instruments (continued)
(i) Non-derivative assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the statement of operations. The Company does not have any assets classified as available-for-sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables are comprised of amounts receivable.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations.

(h) Financial instruments (continued)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment

loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through the statement of operations are not reversed through the statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iii)Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(i) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the statement of operations.

(j) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(k) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at September 30, 2016, the Company had 9,603,500 (2015 – 725,000) potential dilutive shares outstanding. .

(l) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component, as determined by negotiation between the arm’s lengths parties or the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as share-based payment reserve.

(m) Comprehensive Loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

(n) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(o) Reclassifications

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

(p) Exploration and Evaluation Assets

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs related to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment in value. These costs will be depleted using the unit-of-production method based on the estimated proven and probable reserves available on the related property following commencement of production.

The amounts shown for exploration and evaluation assets represent costs, net of write-offs, option proceeds and recoveries, and do not necessarily reflect present or future value. Recoverability of these amounts will depend upon the existence of economically recoverable reserves, the ability of the Company to obtain financing necessary to complete development, and future profitable production. The Company reviews the carrying values of exploration and evaluation assets when there are any events or changes in circumstances that may indicate impairment. Where estimates of future cash flows are available, an impairment charge is recorded if the estimated undiscounted future net cash flows expected to be generated by the

2. Significant accounting policies (continued)

(p) Exploration and Evaluation Assets (continued) property are less than the carrying amount. An impairment charge is recognized by the amount by which the carrying amount of the property exceeds the fair value of the property.

(q) Recent Accounting Pronouncements

The mandatory adoption of the following new and revised accounting standards and interpretations on January 1, 2014 had no significant impact on the Company's financial statements for the periods presented:

IAS 32 Financial Instruments: Presentation – In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement.

IAS 36 Impairment of Assets – In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets or a CGU for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when and asset's or a CGU's recoverable amount is based on fair value less costs of disposal.

The following standards are effective January 1, 2016:

IAS 1 Presentation of Financial Statements – In December 2014, the IASB issued amendments to IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial statements by clarifying that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply. The amendments also clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance

on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

IAS 16 Property, Plant and Equipment and ***IAS 38 Intangible Assets*** – In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.
A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended December 31, 2015, and have not been applied in preparing these financial statements.

IFRIC 21 – *Levies*
In May 2013, the IASB issued IFRIC 21, Levies ("IFRIC 21"), an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the

activity described in the relevant legislation that triggers the payment of the levy. Management does not expect that the adoption of this standard will have a significant effect on the financial statements of the Company.

(Expressed in Canadian dollars)

(r) Accounting Standards Issued But Not Yet Effective

The following standard will be effective January 1, 2017:

IFRS 15 Revenue from Contracts with Customers **-** In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* which supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC 31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

The following standard will be effective May 1, 2018:

IFRS 9 Financial Instruments **-** The IASB will replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9 which is intended to reduce the complexity in the classification and measurement of financial instruments.

The Company has not yet completed the process of assessing any impact that the new and amended standards may have on its financial statements and has not early adopted any of these future requirements.

3. Amounts Receivable

	September 30, 2016 $	September 30, 2015 $
GST/HST receivable	25,082	10,253
Total accounts receivable	25,082	10,253

All of the Company's accounts receivable are short term. The net carrying value of accounts receivable is considered a reasonable approximation of fair value. The Company reviews all amounts periodically for indications of impairment and the amounts impaired have been provided for as an allowance for doubtful accounts.

The Company's exposure to credit risk and impairment losses related to accounts receivable is disclosed in Note 13.

4. Acquisition of Smart Autonomous Solutions Inc. ("SAS")

On November 6, 2015, the Company and SAS completed a Share Exchange Agreement pursuant to which the Company acquired all of the issued and outstanding securities of SAS, being 12,062,927 common shares, in consideration for securities of the Company on a 1 for 1 basis. After completion of the Share Exchange Agreement, the shareholders of SAS held approximately 68% of the

4. Acquisition of Smart Autonomous Solutions Inc. (continued)

Company. Accordingly, SAS is considered to have acquired the Company with the Share Exchange Agreement being accounted for as a reverse takeover of the Company by SAS shareholders (the

(Expressed in Canadian dollars)

"RTO"). Subsequently the parent company changed its named to Torino Power Solutions on November 13, 2015.

In accordance with the reverse acquisition accounting:

(i) The assets and liabilities of SAS are included in the consolidated financial position at their carrying values;

(ii) The net assets of the Company are included at their fair value of $108,769;

(iii) The net assets of the Company have been allocated as follows:

Cash	$101,560
Receivables	243
Exploration asset	22,800
Accounts payable and accrued liabilities	(15,834)
Fair Value of net assets	$108,769

(iv) An exchange of common shares of the SAS and the Company at a ratio of one share of SAS for every one share of Torino (12,062,927 common shares of the SAS issued);

(v) There were 5,599,978 shares of Torino issued and outstanding at the date of the RTO;

(vi) Share purchase warrants of the Company were issue to/exchanged with holders of Torino.

The acquisition of Torino Ventures Inc. was accounted for as a reverse takeover that was a business combination. As Smart Autonomous Solutions Inc. (SAS) was deemed the acquirer for accounting purposes, its assets, liabilities, and operations are included in these financial statements at their historical carrying values. Torino's results of operations have been included from the date of the RTO. These financial statements are a continuation of those of SAS, which was incorporated on May 13, 2011.

5. Property and Equipment

Period ended September 30, 2016:

		Cost	
	Computer Equipment $	Development Equipment $	Total $
Balance, December, 31 2014 & September 30, 2015	13,444	31,776	45,220
Additions:	–	–	–
Balance, December 31, 2015	13,444	31,776	45,220
Additions:	–	14,365	14,365
Balance, September 30, 2015	13,444	46,141	59,585

5. Property and Equipment (continued)

(Expressed in Canadian dollars)

	Accumulated Amortization		
	Computer Equipment $	Development Equipment $	Total $
Balance, December 31, 2014	9,527	21,410	30,937
Additions:	1,615	4,277	5,892
Balance, September 30, 2016	11,142	25,687	36,829
Additions:	539	1,424	1,963
Balance, December 31, 2015 & September 30, 2016	11,681	27,111	38,792

	Carrying Value		
	Computer Equipment $	Development Equipment $	Total $
December 31, 2014	3,917	10,366	14,283
September 30, 2015	2,301	6,090	8,391
December 31, 2015	1,763	4,665	6,428
September 30, 2016	1,763	19,029	20,792

6. Intangible Assets

Intellectual Property

On October 8, 2011, the Company entered into an option agreement with the University of Manitoba which granted the Company an option to acquire rights to certain intellectual property of the University and as part of the consideration for such grant, the Company paid $25,000 to the University.

On June 28, 2012 the Company exercised their option to acquire the rights to the intellectual property pursuant to a subscription and assignment agreement entered into between the Company and University of Manitoba. In consideration the Company agreed to pay $225,000 as upfront fee, issue 2,200,000 common shares and a common share purchase warrant which would allow the University to purchase 500,000 common shares of the Company at a price of $0.50 per share and milestone payments of $500,000 subject to fulfillment of certain predetermined conditions as outlined in the agreement. During fiscal 2012, the Company issued the 2,200,000 shares and the common share purchase warrant and also paid $125,000 cash for the upfront fees. The Company paid another $50,000 cash during the fiscal year 2013. On August 28, 2015, the Company issued the 550,000 common shares to the University of Manitoba as shares for debt to fulfill the purchase option.

		Cost
	Intellectual Property $	Total $
Balance, December 31, 2014 & September 30, 2015	2,450,000	2,450,000

(Expressed in Canadian dollars)

6. Intangible Assets (continued)

	–	–
Additions:		
Balance, December 31, 2015 & September 30, 2016	2,450,000	2,450,000

	Accumulated Amortization	
	Intellectual Property $	Total $
Balance, December 31, 2014	377,708	377,708
Additions:	183,750	183,750
Balance, September 30, 2015	561,458	561,458
Additions:	61,250	61,250
Balance, December 31, 2015	622,708	622,708
Additions:	61,250	61,250
Balance, September 30, 2016	683,958	683,958

	Carrying Value	
	Intellectual Property $	Total $
December 31, 2014	2,072,292	2,072,292
September 30, 2015	1,888,542	1,888,542
December 31, 2015	1,827,292	1,827,292
September 30, 2016	1,766,042	1,766,042

7. Mineral Property Costs

Balance, December 31, 2014 & September 30, 2015	–
Additions	22,800
Balance, December 31, 2015	22,800
Reduction (sale)	(22,800)
September 30, 2016	–

The Company owns 100% interest in the early stage exploration property known as the Monster Lake South or “Hazeur” gold property (the “Property”) in Quebec, Canada. The Company acquired the property pursuant to the RTO and the property has a deemed acquisition value of $22,800.

On September 26, 2016, the Company sold the Hazeur property to TomaGold Corp. for a total consideration of 1,200,000 common shares of TomaGold. The shares were deemed at $0.08 per share.

8. Convertible Notes

On August 15, 2015, the Company issued $361,115 bearing interest at 10% per annum convertible notes with an aggregate principal amount of $361,115. Each convertible note entitles the holder to convert to ordinary shares at a conversion price equal to 80% of the issue price share of initial public offering or other financing undertaken in conjunction with the Going Public Transaction, subject to approval from any relevant stock exchange. The convertible notes also include an automatic conversion feature whereby any outstanding principal and any unpaid accrued interest will be

(Expressed in Canadian dollars)

8. Convertible Notes (continued)

automatically converted into shares at a conversion price equal to 80% of the value of such shares on the date of conversion. On December 14, 2015, the Company converted the debt of $361,115 plus interest into 5,482,583 common shares.

9. Related Party Transactions

Related parties include shareholders with a significant ownership interest in the Corporation. The revenue and costs recognized from transactions with such parties reflect the prices and terms of sales and purchase transactions with related parties, which are in accordance with normal trade practices. Transactions between the Corporation and its subsidiaries, if any, are eliminated on consolidation.

The Company had the following transactions with related parties:

	September 30, 2016 $	September 30, 2015 $
Consulting fees	270,000	68,250

As at September 30, 2016 and September 30, 2015, the balances due to related parties comprise of consulting fees payable in the amount of $60,000 (2015 - $Nil)

10. Share Capital

Authorized: Unlimited common shares without par value
Unlimited preferred shares without par value

On July 29, 2016, the Company issued 3,495,000 common shares to Directors and Consultants for consulting fees accrued during 2015 and 2016.

On December 14, 2015, the Company issued 5,482,583 common shares pursuant to the conversion of the convertible notes issued on August 15, 2015, having the value of $361,115 plus interest.

On December 13, 2015, the Company issued 500,000 common shares as finders' fees pursuant to the convertible debt converted during the period.

On November 25, 2015, the Company issue 4,175,000 units at $0.10 per unit for gross proceeds of $417,500 pursuant to the Torino private placement completed in conjunction with the RTO. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of $0.20 for a period of eighteen months.

In connection with this private placement, the Company paid finder's fees and commission of $28,800 and issued 296,000 broker warrants with a fair value of $23,085. Each broker warrant entitles the holder to acquire one additional common share at an exercise price of $0.20 for a period of eighteen months.

On November 6, 2015, the Company issued 5,599,978 common shares to the shareholders of Torino pursuant to the RTO.

On September 2, 2015, Torino Ventures Inc. Issued 2,500,000 units at $0.05 per unit for gross proceeds of $125,000. Each unit consisted of one common share and one and one-half share purchase warrants. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of $0.10 for a period of twenty four months.

(Expressed in Canadian dollars)

10. Share Capital (continued)

In connection with this private placement, the Company paid finder's fees and commission of $1,600.

On August 28, 2015, the company issued 550,000 common shares to the University of Manitoba pursuant to the intellectual property purchase agreement to fulfill payable of $50,000.

On August 28, 2015, the Company issued 680,000 common shares to Directors and a consultant for consulting fees accrued during 2015.

On August 28, 2015, the Company repurchased 1,000,000 common shares and returned them to treasury.

On August, 28, 2015, the Company issued 1,515,878 common shares as finders' fees pursuant to the convertible debt issued by the Company during the period.

11. Share Purchase Warrants

As at September 30, 2016, the following share purchase warrants were outstanding and exercisable:

Number of warrants outstanding	Exercise price $	Expiry date
225,000	1.00	October 10, 2017
500,000	0.50	June 29, 2022 (or 12 months after a stock exchange listing)
2,296,500	0.20	April 30, 2017
87,000	0.20	May 30, 2017
3,750,000	0.10	September 2, 2017
6,858,500		

Broker Warrants

Number of warrants outstanding	Exercise price $	Expiry date
284,000	0.20	April 30, 2017
12,000	0.20	May 30, 2017

The fair value of broker warrants granted during the year ended December 31, 2015 was $23,085 (2014 - $Nil), which was recorded as share issuance costs.

The fair values for broker warrants granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2015
Risk-free interest rate	0.66%
Expected life (in years)	1.5
Expected forfeitures	0%
Expected volatility	230%

12. Stock Options

Pursuant to the Company's stock option plan dated September 30, 2016, the Company may grant stock options to directors, officers, employees and consultants. The maximum aggregate number of common shares which may be reserved for issuance, set aside and made available for issuance

(Expressed in Canadian dollars)

12. Stock Options (continued)

under the plan may not exceed 10% of the issued and outstanding common shares of the Company at the time of granting the stock options. Stock options granted to any person engaged in investor relations activities will vest in stages over one year with no more 25% of the stock options vesting in any three month period. The exercise price of any stock options granted under the plan shall be determined by the Board, but may not be less than the market price of the common shares on the Exchange on the date of grant (less any discount permissible under Exchange rules). The term of any stock options granted under the plan shall be determined by the Board at the time of grant but may not exceed ten years.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price $
Outstanding, December 31, 2014, September 30, 2015 and December 31, 2015	–	–
Issued	2,745,000	0.15
Outstanding, September 30, 2016	2,745,000	0.15

Additional information regarding stock options outstanding as at September 30, 2016 is as follows:

	Outstanding and exercisable		
Range of exercise prices $	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.15	2,300,000	4.6	0.15
0.15	445,000	1.6	0.15
	2,745,000	4.1	0.15

The fair value of stock options granted during the nine month period ended September 30, 2016 was $167,175 (2015 - $nil), which was charged to operations.

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2016
Risk-free interest rate	1.63%
Expected life (in years)	2 and 5
Expected forfeitures	0%
Expected volatility	78%

The weighted average fair value of stock options granted during the nine month period ended September 30, 2016 was $0.07 (2015 - $nil) per stock option.

On May 13, 2016, the Company granted 2,300,000 options to Directors and Officers of the Company, which are exercisable at $0.15 per option expiring on May 13, 2021. The fair value of $162,645 was calculated using the Black-Scholes option pricing model with the following

(Expressed in Canadian dollars)

12. Stock Options (continued)

assumptions: expected volatility of 78%, expected life of 5 years, risk-free rate of 1.63%, and no expected dividends.

On May 13, 2016, the Company granted 445,000 options to a consultants and employees of the Company, which are exercisable at $0.15 per option expiring on May 13, 2018. 25% of the options vested upon being granted with the additional 25% vesting on each of the 3, 6, and 9 month anniversary dates. The fair value of the vested options of $4,530 was calculated using the Black-

Scholes option pricing model with the following assumptions: expected volatility of 78%, expected life of 2 years, risk-free rate of 1.63%, and no expected dividends.

13. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at September 30, 2016 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, September 30, 2016 $
Cash and cash equivalents	153,441	–	–	153,441

The fair values of other financial instruments, which include amounts receivable and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. Trade receivables are the most significant financial instrument that is exposed to credit risk. The Company provides credit to its customers in the normal course of operation. As at September 30, 2016, the Company's risk is minimal as its receivable consist of receivables from Canada Revenue Agency ("CRA") for GST ITCs. The Company believes that its exposure to credit risk is low. The maximum exposure to loss arising from trade receivables is equal to their total carrying amounts.

(c) Currency Risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's functional and reporting currency is the Canadian dollar. The Company's exposure to foreign currency risk is primarily related to fluctuations in the value of the Canadian dollar relative to the United States dollar ("USD") as some of the Company's expenses are in USD. The Company does not use derivative financial instruments to cover the variability of cash flows in foreign currencies.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this

13. Financial Instruments and Risks (continued)

relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. Accounts payable and accrued liabilities and due to related parties are all payable within one year.

(e) Market Risk

Market risk is the risk of the loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Management does not believe that the Company is exposed to any material market risk.

(f) Interest rate Risk

Interest rate risk is the risk that the fair value of deferred cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk arising primarily from fluctuation in interest rates on its cash, cash equivalents and short-term investments. The Corporation limits its exposure to interest rate risk by continually monitoring and adjusting portfolio duration to align to forecasted cash requirements and anticipated changes in the interest rates. Based on cash and cash equivalents at September 30, 2016, the Company is not exposed to any risk as there are no interest bearing short-term investments or cash equivalents.

14. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. The Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2014.

15. Contingencies and Commitments

In connection with the acquisition of intellectual property from the University of Manitoba, the Company is required to make the milestone payments as follows:

(a) A payment of $250,000 within 30 days of the Company achieving a cumulative gross sales of $10 Million with respect to the product, licensing revenues and/or sublicensing revenues relating to the assigned rights and/or the invention.

(b) A payment of $250,000 within 30 days of the Company achieving a cumulative gross sales of $20 Million with respect to the product, licensing revenues and/or sublicensing revenues relating to the assigned rights and/or the invention.

16. Segmented Information

The Company operates in a single reportable operating segment, the development of commercial applications for the optimizing the current carrying capacity of grid infrastructure and transmission lines. Segmented geographic information is as follows:

The following table allocates total assets by geographic location:

As of September 30, 2016 and 2015

	2016 $	2015 $
Canada	2,061,625	2,182,544